Cochin Income-tax Bill.

Dr. A. G. Menon.—Sir, under Standing Order No. 61 I am to present a petition from the inhabitants of Chittur Taluk. It contains all the necessary ingredients wanted in the Standing Orders and consists of signatures of about 58 persons and their request is that the consideration of the Bill may be deferred till it is published in the Gazette in Malayalam also.

Mr. K. P. Kannan Nayar.—Sir, I move that the Cochin Income-tax Bill be read in Council.

Mr. C. J. Mathew.—I second it.

Mr. K P. Kannan Nayar —In commending this motion to the acceptance of this House I wish to make a few observations. The reasons which induced the Government to introduce the measure now are summarised in the Press Communique issued on the subject on 29th July 1932 and published in the Gazette of the 30th July. The Finance Member, when he laid the Budget proposals for the next year before this House yesterday, has in his lucid and clear statement also explained fully the circumstances which make the introduction of this measure inevitable at this time. There is very little for me to add to what has been already stated in the matter. Yet I should like to explain in my own way the position of the Government in this matter.

Necesity for the measure.—The introduction of this measure has been pressed upon the attention of the Government by the non-official members of this Council ever since the Council was constituted. The inaugural session of the Cochin Legislative Council was held on the 21st Meenam 1100 (3rd April 1925). The first business session of the Council, which happened to be the first budget session also, commenced its sittings on Monday the 12th Karkadagam 1100 (27th July 1925). During the general discussion of the budget at that meeting the non-official members expressed a strong desire that the Government should appoint a Special Committee to carefully examine and overhaul the whole scheme of income and expenditure of the State. The question of levying a tax on non-agricultural incomes was also prominently brought to the notice of the Government. The Government in response to the wishes of the representatives of the people, appointed, by its Proceedings dated 7th April 1926, a Committee, which was required among other things to suggest measures for the improvement of revenue and resources of the State including taxation on income.

This Committee which was composed of officials and non-officials, twelve in number, after conducting a thorough and

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searching inquiry into the matters on which it was asked to report submitted its very valuable report to the Government on 29th February 1928. Before this report was submitted, the Chairman of the Committee, Mr. C. Achyuta Menon, wrote to the Government on 17th June 1927 a letter in which he stated that the members of the Special Finance Committee were unanimously of opinion that a tax on non-agricultural income should be levied by the Government as a means of providing funds for the increased cost of administration anticipated by the Committee and requested the Government to take steps sufficiently early so as to levy income-tax from the beginning of 1104 at the latest.

In its well-considered report which has been printed and published by the Government and which was discussed at a special meeting of the Council and which I presume has been read by the Members of this Council also, the Committee says thus in para 179 of its report. As this portion of this report was brought to the notice of the House yesterday by the Finance Member I shall not take up your time by reading it again. From the questionaire prepared and circulated by the Committee and also from the answers received to the same as also from the evidence of witnesses examined by the Committee it will be clear that the Committee had got the views of several prominent officials and non-officials regarding this particular matter. (Please see Appendix to the report).

Of these twelve members who constituted that important Committee I see before me Messrs. A. R. Menon, M. Krishna Menon and C. A. Ouseph sitting on the non-official benches and M. R. Ry. Rao Sahib T. V. Kasturi Ranga Ayyar Avergal, the Revenue Member and Leader of the House and Mr. V. K. Aravindaksha Menon, the Member for Public Works—on the official benches. The subject has been on subsequent occasions also brought before the Government. This matter was again prominently pressed upon the attention of the Government by some of the non-official members last year at this time during the budget meeting of this Council. I shall refer to a few of the important observations made.

The Hon'ble Member for Narakkal (Mr. Paul Mampilli) spoke thus :—

" It is painfully surprising that our Government have not yet thought fit to introduce income-tax on non-agricultural incomes. The merchants and money lenders who amass large amounts of wealth with comparatively less or no labour at all and who enjoy all the benefits of a sound and efficient administration go scot free in the matter of maintaining that administration. This iniquity in the method of taxation should not be allowed to continue", (Vide pages 92, Vol. 1, Part 3.)

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The Hon'ble Member for Urakam (Mr. Ikkanda Warriar), who has retained the confidence of his constituency from the very beginning of the existence of the Council said thus:—

"New taxes are always unwelcome and especially in times of much economic depression. But there is one to which the Government can resort to with advantage and without reasonable opposition. I mean the income-tax on non-agricultural incomes. It will affect only a comparatively small number of people who do not pay any direct tax now. There are a large number of merchants in Mattancheri and other commercial centres in the State who are enjoying all the amenities provided by the State without making a corresponding return to the State Ex-chequer". (Vide pp. 112, same Vol.)

(Mr. Kesavan Nambudiri), the Hon'ble Member for Kattur, spoke thus:—

"I fully agree with my Hon'ble friends who have advocated the introduction of income-tax. Certain monied classes are left free, bearing no burden of the State. It is they who enjoy the maximum benefit of the State. Therefore it is legitimate that they should be subjected to some sort of taxation on their income, through whatever source it might be. Perhaps the Government will have to face the overwhelming opposition of the high official and commercial classes. Under the growing needs of the State, in the interests of the people at large, we cannot but adopt such a new scheme and it will be cowardly on the part of the Government to shirk responsibility in the mattter". (Pp. Vol. 1, Part 4.)

The Hon'ble Member for Adoor (Mr. Joseph Pettah) said:—

"Now to the question of the distribution of the burden of taxation. It is another principle of Public Finance that people should be made to contribute to the Public Funds according to their ability to pay. But it is the very opposite we in Cochin have been doing for the last many years. We have been following the very iniquitous financial policy of imposing heavy burdens upon the poor agriculturists and the poorer sections of the society while leaving alone the rich money-lenders and merchants and the professional classes".

The Hon'ble Member for Muslims (Mr. K. Mohamed Seethi) says thus:—

"കൃഷിവലന്മാർ നികുതികൊടുത്ത് കഴഞ്ഞിയിരക്കുന്നു. കൃഷിക്കാരല്ലാത്ത അനവധി ആളുകൾ കൃഷിക്കാരേക്കാൾ ആദായം എടുത്ത് ഗവർമ്മെന്റിനു കരംകൊടുക്കാതെ സ്വസ്ഥമായി ഈ രാജ്യത്ത് കഴിച്ചുകൂട്ടുന്നുണ്ട്. കൃഷിക്കാരേക്കാൾ ആദായകരമായ തൊഴിലിൽ ഏർപ്പെട്ടിരിക്കുന്ന ഇവർക്ക് കഴിയുന്നതും വേഗത്തിൽ ആദായനികുതി ചുമത്തേണ്ടതാണ്. അതുകൊണ്ട് ഗവർമ്മെന്റിനുവേണ്ടിയും മറുള്ളവർക്കു വേണ്ടിയും ഇവർ കുറെ അസൗകര്യങ്ങൾ സഹിച്ചു—അസൗകര്യം നേരിട്ടും—രാജ്യത്തിന്റെ പൊതുക്ഷേമത്തെനോക്കി ആ അസൗകര്യങ്ങളെ വിസ്മരിക്കയും ഗവർമ്മെന്റിലേക്ക് ആദായനികുതി കൊടുക്കയും ചെയ്യണം".

From these quotations it will be abundantly clear, that the Hon'ble Members of this House, both individually and collectively, have been insisting upon the Government the introduction of a measure to levy this tax without further delay

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and in response to their wishes as also the present financial requirements of the Government which are already set forth in the Government Communique mentioned above, this measure is introduced now.

In the neighbouring State of Travancore this tax has been in existence from 1096 M. E. and in the Progressive Indian States of Mysore and Baroda this tax is levied. There is therefore every reason for progressive Cochin to follow suit.

I, however, understand that some of the non-official Members entertain a feeling that this measure is inopportune at this moment when trade depression is prevailing all over the country and the Government should wait for better times for the levy of this tax. I venture to think that this is no sufficient reason to postpone the introduction of this measure. It might be that, if times were more prosperous, Government would realise more revenue on this account than what they can expect to realise at present. It must be borne in mind that this tax will affect only those who earn the minimum income prescribed by the Regulation and will leave a very large population of the State untouched.

For all these reasons I feel confident that this motion of mine instead of giving rise to 'angry protests', as was apprehended yesterday by my friend the Finance Member, would be unanimously and whole-heartedly accepted by this House.

I shall now briefly summarise the provisions of the Bill that is placed before you for consideration.

The Bill is based, on the provisions of the Travancore Regulation VIII 1096, which in its turn followed the provisions of the Indian Income-Tax Act of 1918, and the amendments to same introduced till the date of the Travancore Regulation.

Our Bill consists of 60 Sections in all and a schedule at the end giving the rates of tax leviable on different scales of incomes.

Section 2 of the Bill is the definition clause.

Chapter I begins with Section 3 and contains 12 Sections. Sections 3 and 4 are the charging sections i. e., sections which define what kinds of income are chargeable with income-tax. The Regulation applies to six heads of income thus chargeable and they are (1) Salaries (2) Interest on Securities (3) Property i. e., buildings of which the assessee is the owner (4) Business (5) Professional earnings and (6) Other sources of income.

All incomes, profits or gains derived under any of these six heads are liable to the tax if accruing, or arising or received in Cochin or deemed under the provisions of the Regulation to accrue, or arise or to be received in Cochin Vide. (Section 3.)

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Salaries.—This is dealt with in Section 5 and include salaries paid by private as well as public employers. They include fees, commissions and perquisites of all kinds.

Section 6 deals with *interest on securities* while Section 7 deals with *property*. The tax on property is based on a notional income i. e., on the "annual value" which is defined as the sum for which the property might reasonably be expected to be let from year to year. Deductions are allowed for repairs, insurance premia, interest on mortgages, land revenue, collection charges and vacancies. Also if the house is not let, but occupied by the owner the value is limited to 10 per cent, of the total income of the owner.

Section 8 deals with business carried on by the assessee. It allows the following deductions, *viz.*, rent paid for business premises and repairs thereto, interest on borrowed capital, insurance premia, repairs of plant and machinery, etc., depreciation of plant and machinery, etc., land revenue and local rates and all the expenditure (other than capital expenditure) incurred solely for the purpose of earning the profits or gains.

Sections 9 to 10 which deal with professional earnings and income from other sources allow for the deduction of all expenditure (other than capital expenditure) incurred solely for earning the profits or gains.

Section 11 deals with certain exclusions of a general nature, such as, income enjoyed by an assessee as a mumber of a joint family, company, firm, etc., where such family, company or firm is assessed. Allowance is also made for sum paid for insuring the life of the assessee or his wife, etc.

Section 12 describes the method of finding the total income for purposes of Schedule I, while Section 13 describes what the taxable income of an assessee is.

Section 14 is designed to remedy the anomaly which may result where an assessee with an income just in excess of one of the stages in the schedule is liable to pay tax at a higher rate than if his income were just below that stage.

Chapter II consisting of 16 Sections deals mainly with the procedure to be adopted in levying income-tax. Calling for returns, hearing of objections, appeals and reviews, etc., are provided for in this Chapter.

Assessments are made by collectors. They have power to call upon persons whom they consider to have deprived a taxable income to make a return of their total income in a prescribed form. Failure to make such a return renders the defaulter liable to prosecution. The Collector can call upon the assessee to produce accounts or other evidence. The law pro

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vides for the making of supplementary assessments in respect of "escaped income" within one year and also for rectification of apparent mistakes within the same period. Against the Collector's assessment, an appeal lies to the Commissioner. The Chief Revenue Authority may review the orders passed by the Commissioner.

Chapter III consisting of 4 sections deals with the liabilities of guardians, trustees, agents or receivers of estates of infants, idiots or lunatics or absent owners.

Chapter IV consists of 2 sections dealing with how and when the tax has to be paid or collected.

Chapter V deals with the question of refunds in certain special cases. This chapter consists of two sections.

Chapter VI deals with offences and penalities while Chapter VII deals with miscellaneous matters such as giving power to the Government to make rules to provide for references to the Chief Court, etc.

The schedule attached at the end gives the rates applicable to the different stages of income mentioned therein. The minimum taxable income is fixed at Rs. 1,000 and the rates are so fixed as not to create any hardship.

President:—The Secretary will read the petition.

Mr. George Chakyamuri:—Who are the petitioners?

Dr. A. G. Menon:—58 signatories from the Chittur Taluk.

Secretary to the Council:—

To

The Members of the Legislative Council,
Cochin State.

Sir,

Memorial submitted by the undersigned Citizens of Cochin State most respectfully showeth:—

1. That your memorialists have seen with great surprise the Income tax Bill published in the Cochin Government Gazette dated 26th Mithunam 1107 (9th July 1932) under rule 29 of the Legislative Council Rules. Your petitioners therefore beg to lodge their humble protest against the Bill, as well as the procedure adopted regarding its introduction.

2. That your petitioners respectfully submit, that the Government ought not, in their humble opinion, to have attempted to introduce the Bill in question without publishing the Draft Bill for public criticisms and considering any criticisms received thereto. Your petitioners submit, that the public have most serious objections to raise, and severe criticisms to offer, regarding the Bill as a whole, and the several provisions contained therein.

3. That your petitioners further submit, that the Government has been unwise in trying to pass such a Legislation, when the country is passing through a most critical situation, brought about by economic depression and the consequential financial stringency. The subjects are unable to

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discharge the burden of the ordinary existing taxation, and the imposition of additional taxation is extremely hard and uncalled for.

4. That your petitioners are given to understand, that there has been no cause at present to alarm the State with regard to its financial condition. Whatever deficit was expected in the Budget of 1108, has been more than made good by the salary cut already brought into force. Further, your petitioners are made aware, that during the past decade there have been large surplus invested on very many securities which the public were made to understand, was laid by as a provision towards "a rainy day". When the Government is in a position to draw from these securities, to meet any anticipated deficit, the present attempt to impose additional taxation is not based upon any sound policy of public finance.

5. From the statement of objects and reasons published in the Gazette, your petitioners find, that the object of the present taxation is to meet the requirements of a progressive administration. From a kind perusal of the past Administration Reports, it would be found that the administration has been progressive, without any additional taxation. What further progress is expected to come as a result of such additional taxation, has been kept back from the public. The inference that naturally follows from such reticence is, your petitioners submit, only an excuse unsupported by facts to justify the imposition of fresh taxation. Otherwise it is not at all difficult for the Government to publish clearly, what extraordinary additional expenditure the Government has to meet out of the funds raised by such taxation, and if it is convincing, public will only be too ready to come to the rescue of the Government.

6. That in any view of the matter the public has a right to demand of Government, a full and complete disclosure of the facts, regarding the necessity for such additional taxation, and unless and until it is done, it is submitted that this action of the Government has no justification behind it.

7. That your petitioners therefore pray, that the introduction of the Bill may kindly be deferred for the present, and that the Bill along with full facts necessitating such a Legislation, may kindly be published for public criticisms so that the public may have an opportunity of placing before the Government, their considered views regarding the matter.

We have the honour to be,
Sir,
Your most obedient servants.

Dated 17th Karkadagam 1107.

Mr. T. A. Ramachandra Ayyar.—Sir, I oppose the Bill on the following grounds. (1) This is the most inopportune time for imposing any new tax when acute economic distress and trade depression is prevailing all over the country.

2. Even Bills of much minor importance were given publicity in Malayalam and sufficient time used to be given to the public to express their opinion.

3. This is a very important Bill and is likely to cause much hardship and heart-burning to many a citizen of the land and as such an opportunity must be given to the electorates to send into the Council such representatives as share the views of the majority of the public. This Bill must be one of the planks of the next election platform and only the members of the next

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Council can be considered to represent the views of the electorates on this important question.

4. The necessity for imposing this new tax in these very hard times has not been established. The statement that the normal income of the State is not sufficient to meet the normal expenditure is open to question and cannot be easily accepted. Expenditure for original works under Public Works cannot be regarded as normal expenditure, especially works like Extension of College Works. Expenditure under such heads must, properly speaking, come under 'capital expenditure' and no anxiety should be displayed to meet such capital expenditures out of the revenue of any single year or even out of the revenues for three four years expenditures can easily be distributed over 10 or 12 years. Such for the above reasons I oppose the Bill.

മിസ്റ്റർ കെ. അയ്യപ്പൻ.—ഞാൻ ഈ ബില്ലിനെ പിൻതാങ്ങുന്നു. ഇതു് ഇപ്പോൾ പാടില്ലെന്നു പറയുന്നതിൽ ഒരു ന്യായവും ഞാൻ കാണുന്നില്ല. ഓരോരുത്തരുടേയും വരവിനെ—ഓരോ ബിസിനസ്സിൽഏർപ്പെട്ടിരിക്കുന്നവരുടെ "നെറ്റ് ഇൻകം" തെമാത്രമേ ഇതുകൊണ്ടു ടാക്സ് ചെയ്യുന്നുള്ളൂ. അതുകൊണ്ടു് ഈ ഡിപ്രഷൻ കാലത്തു് ഇതു പാടില്ലെന്നുപറയുന്നതിൽ ഒരു ന്യായവുമില്ല. പിന്നെ പറഞ്ഞ ഒരു ന്യായം ഇതു് ഒരു പ്രധാനപ്പെട്ട ബില്ലാണെന്നും, ഇതിനു വേണ്ടത്ര പ്രസിദ്ധീകരണം സിദ്ധിച്ചിട്ടില്ലെന്നുമാണു്. ഇതിലും യാതൊരു ന്യായവുമില്ല. എല്ലാവർക്കും ഒരുപോലെ അറിയാവുന്ന തത്വങ്ങൾ അടങ്ങീട്ടുള്ള ഒരു ബിൽ ഇതുപോലെ വേറെ ഇല്ല. ഇതിന്റെ തത്വം എല്ലാവരും അറിഞ്ഞിരിക്കുന്നതുകൊണ്ടു് ഇതിനു് ഒരു പ്രസിദ്ധീകരണം പോരെന്നു തോന്നുന്നില്ല. ലാ മെമ്പർ അവർകൾ പറഞ്ഞതുപോലെ ഈ നിയമസഭ തുടങ്ങിയതുമുതൽ അനുഭാവശൂന്യമെമ്പറന്മാർ ഇതിനുവേണ്ടി വാദിച്ചിട്ടുണ്ടു്. ഈ കൌൺസിലിൽ ഇതു് പാസാക്കുവാൻ പാടില്ലെന്നുപറയുന്നതിലും ന്യായമൊന്നും കാണുന്നില്ല. പിന്നെ ഗവൺമെണ്ടുപറഞ്ഞിട്ടുള്ള ആബ്ജക്ഷൻസ് ആൻഡ് റീസൺസ് നന്നായിട്ടില്ല. പണം ഇപ്പോൾ ആവശ്യത്തിൻ പോരാതെ വന്നതുകൊണ്ടു" എന്നു പറയേണ്ടിയിരുന്നില്ല. പണം എവിടെനിന്നെല്ലാം ഉണ്ടാക്കാമോ അവിടെ നിന്നെല്ലാം ഉണ്ടാക്കണം. എത്ര പണം ഉണ്ടായാലും ചിലവാക്കാൻ തികയാത്തമാതിരി അത്ര അധികം ആവശ്യങ്ങൾ ഉണ്ടു്. എത്ര അത്യാവശ്യമായ കാര്യങ്ങളാണു് പണമില്ലെന്നു പറഞ്ഞു ഗവൺമെൻറു തള്ളുന്നതു്. അതുകൊണ്ടു ന്യായമായി പിരിക്കാവുന്ന ഒരിനത്തിൽ പണം പിരിയ്ക്കുന്നതിനുവേണ്ടിയുള്ള ഒരു ബില്ലിനു് ഇത്രഭയപ്പെട്ടു് അ

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ബ്ജക്റ്റ്സും റീസൺസും ഗവമ്മെണ്ടു പറയേണ്ടതില്ല. പണം ജനങ്ങൾക്കു ആവശ്യമായ കാര്യങ്ങൾക്കുവേണ്ടി ചിലവാക്കണ്ടേ എന്നമാത്രമേ ഇവിടെ നോക്കാനുള്ളു. ഇൻകംടാക്സ് ഇനിയുംനീട്ടിവെച്ചാൽ അതുയും നാളയ്ക്കുള്ള പണം ഗവമ്മെണ്ടിനും ജനങ്ങൾക്കും നഷ്ടമാകും. ഒരു കൊല്ലത്തെയ്ക്കു നീട്ടിവേയ്ക്കുകയാണെങ്കിൽ ആ ഒരു കൊല്ലത്തേക്കുള്ള പണം നഷ്ടമാകും. ഈ ബില്ലിനു റിഡാസ്സക്ടീവ് ഇഫക്റ്റ് കൊടുക്കുവാൻ സാധിയ്ക്കയില്ലല്ലോ. ജനങ്ങളുടെ ഒരു ഭാഗത്തിൽനിന്നു മാത്രം പണം പിരിച്ചു മറ്റുള്ളവരെ വെറുതെ വിടുന്നതു് അന്യായമായ ഒരു ഏർപ്പാടാണു്. (ഹീയർ, ഹീയർ) അതുകൊണ്ടു് എത്ര വേഗത്തിൽ ഇതു നടപ്പാക്കാമോ അതുയും വേഗത്തിൽ നടപ്പിലാക്കണം. പിന്നെ പുതിയ ടാക്സ് നടപ്പിൽ വരുത്തുന്നതിലും ഗവമ്മെൻറു തീരെ ഭയപ്പെടേണ്ടതില്ല. പുതിയ ടാക്സ് ഏർപ്പെടുത്തുമ്പോൾ ജനങ്ങൾ ഇളകും എന്നു പറയുന്നതു് എപ്പോഴും ശരിയല്ല. ന്യായമായ വിധത്തിൽ ടാക്സ് എത്രവന്നാലും എത്രകൂടിയാലും തരക്കേടില്ല. ടാക്സ് എത്രയെങ്കിലും കൂട്ടിക്കൊള്ളുക. എന്നാൽ അതു് ഉദ്യോഗസ്ഥന്മാർ പങ്കിട്ടെടുക്കുകയല്ല, ജനങ്ങളുടെ ഉപയോഗത്തിനു വേണ്ടവിധത്തിൽ ചിലവാക്കുകയാണു് വേണ്ടതു്. ഈ ബിൽ എത്രയും വേഗത്തിൽ നടപ്പാക്കണം. ഗവമ്മെൻറു് ഇപ്പോഴെങ്കിലും ഇതു കൊണ്ടുവന്നതിനു് ഞാൻ ഗവമ്മെൻറിനെ അഭിനന്ദിയ്ക്കുന്നു.

Dr. A. R. Menon.—Sir, I rise to support this Bill wholeheartedly and the reason why I take part in to-day's proceedings is that I happened to be one of the three non-official Members, now present in this House, who subscribed to this idea the of imposition of income-tax. I cannot conceive for the life of me a more equitable, a more reasonable, a more just tax than the tax imposed upon the income. (*Hear, hear*). The objection mainly comes naturally from those people who have to shell out and in this matter at least I am glad to note the spirit of communalism has not been shown and Christian, Hindu, Muhammadan, everyone join together to oppose this measure. You may be surprised to see the number of cars running about the whole of Cochin State canvassing members, persuading them, goading them, insinuating motives into various people and all this is because the Government, though they have neglected their duty in taking money from the rich, came to the conclusion that the time has come to impose a tax upon the people who get the lion's share of the benefit of an ordered system of Government. (*Hear, hear*). The money collected is being made use of for what purposes? For preserving law and justice and order, for increasing the moral and material progress of the State. Only when an ordered state of society exists these money bags sitting

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in a corner, sitting in counting houses, can hoard up their fortunes. Without Police their money will be taken away and without general education the people would think that any one can take the money. It is only the knowledge, the realisation, of your rights and your limitations and it is these limitations on the part of the starving people that enable the merchants to count the money in front of the shop, while they are starving. I feel ashamed of the commercial class, the banking class, that at a time like this. instead of coming forward as the merchants have done in England to help the Government, to persuade the Government, 'that this is the time to lighten the burden of our wealth and you are at liberty to take a share of our money', what do we notice here? We notice a general opposition to this measure. And I notice one of my friends who subscribed last time unfortunately is ill today; otherwise he would be in a very difficult position as to what he should do. Because such has been the moral pressure brought to bear by this commercial class.

Now Sir, there is the complaint that the general conditino is one of depression. Exactly so. That is the very reason why the Government wants more money. Not to accumulate wealth but the Government find that they require more money to carry out the administration and therefore they must get a share of it. Granting as my friend said that there is a surplus of revenue, why is it that these people should not pay? Why do you take the last drop of blood of the peasant to carry on your administration? When you see well nourished people sitting in a corner protected from sun keeping up piles of money—the very same people come in one of their advertisements—they call it a representation, I call it an advertisement. We have come up because we have got a great affection for the agricultural classes. They have got only very little affection for the agricultural interests and that only when this tax is imposed. We never had much help from these bankers and merchants before and I do not anticipate any help from them in future. Do you not see the inequality? They make such a noise. One furlong from the seashore the merchants have to pay income-tax in the British territory. On this side they have not to pay income-tax. Is it proper ? When you talk of equality, why is it that there should be an inequality between this side of Cochin and the other side of Cochin? If the merchants on the other side can carry on the trade by paying income-tax they should adapt the tax to carry on their trade on this side also. They said they all will go to Alleppey, in spite of the conditions which enable them to get the benefit which Providence has confer-

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red upon the State. That game can be played only once, but not twice. They are welcome, these gentlemen of money bags, to go from Cochin to Alleppey. Nobody comes here because of the health of the place or of the affection they have to the Cochin State. The Parsis, the Europeans, the Gujarattis all come here, because we have a natural Port affording facilities for their trade. It is that that prompted them. Therefore, Government may expect even in the second stage opposition for this measure. But I hope and trust that Government will have the moral courage to think that the majority of the people are behind them in carrying out this tax which ought to have been carried out long long ago.

Mr. A. Sankara Poduval.—I am much in sympathy with the principle of the Bill. Even in the first Council I was one of those non-official Members who advocated the introduction of this tax. But to my thinking it is not advisable to rush through this measure. I don't think there is any necessity, as I hope to to be able to show when I discuss the preliminary budget, for the introduction of the Income-tax Bill precipitately this year. It may be useful for the members to bear in mind that we are the most heavily land-taxed people, comparatively speaking, in India. Now during the time when His Highness the Abdicated Maharaja raised loans for the Tramway and Railway works, in Cochin State, it did not occur to that eminent statesman to introduce the income-tax. In British India, the income-tax in one shape or other was being levied since 1860. There have been various amendments. I believe the Act of 1922 is the main Act enforced in British India. The history of the income-tax is particularly interesting. I find that the income-tax was first introduced in England in 1799 A. D. It was re-introduced in 1803 and continued year after year. In 1860 it was dropped. Since 1860 the duty was imposed for a single financial year only. It is an annual tax theoretically. Every year the Income-tax Act is passed, but it was still an annual tax since 1860. Another important feature is that Schedule A of British Income-Tax Act relates to income from landed property. If really it was the idea of the Government to introduce the income-tax, all on a sudden, to give some relief to the land-holder and pattadar, we would have all welcomed it. But that is not the apparent object of the Income-tax Regulation here. I want to make it clear to the House, on a matter of principle, that before the imposition of the new tax, sufficient time should be given to the people to offer their criticisms on the Bill. Government should be able to point out the immediate necessity or justification for the introduction of the tax. I have been, in my capacity as a Member of

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this Council, receiving various communications from all parts of Cochin to the effect that the proposed Income-tax Bill is a bolt from the blue. The Draft Bill was but recently published in the Gazette. The Malayalam translation is yet to come. In these circumstances, I don't know if it would be worth while to rush through this Bill. Government has to make out a very strong case for the introduction of this Bill all on a sudden this year to get it passed and to bring expeditiously into force the provisions of the Act this year. I don't find any justification for this hurry. Let it take its own course. Let criticisms be invited from all classes of people and then in due course, the Income-tax Bill with the consent of the majority of the members, may be enacted and placed in the Statute Book. I understand from the printed minutes of the Standing Finance Committee's deliberations that the Bill is going to be referred to a Select Committee. If that be so, I would request the Members, whether the Council be pleased to heed to the request of the memorialists from Chittur or not, to treat this as an ordinary Bill. The thrusting in of an important Bill during the Budget Session is without a precedent also. This Council has been in existence for nearly 7 years. This is not an emergency measure. With this reservation, I support the introduction of this Bill.

Mr. PopatLal Goverdhan Lalan.—Sir, I rise to oppose the introduction of this Bill which aims to impose an income-tax on non-agricultural incomes. My constituency which is the main business centre in the State is entirely opposed to this measure, not because it grudges to share the burden, but because, in the considered view of the Indian Chamber of Commerce, it may affect the expansion and development of Commerce and Trade in the rising Port of Cochin. It is to finance the Harbour works, the Government is bringing forward this measure. Let it not be forgotten that the imposition of the present Port Dues of Re. 1 per ton has already driven a good portion of trade to Alleppey which otherwise would have remained in Mattancheri. From day to day the volume of business in Alleppey is growing and while the increase in Alleppey is 183 per cent it is only 130 per cent in Mattancheri. Many have already opened branches at Alleppey and other Travancore Ports; and perhaps the introduction of this Income-Tax Bill would make these merchants have their head-quarters in Travancore. Moreover, let me remind the Government that the large importers in Mattancheri now, are not people who are attached to the Cochin soil or who have any permanent stake in this land, and are men hailing from Northern India and it is easy for them to shift altogether from this Port without any loss to themselves, to

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the great detriment of business development in Mattancheri. The object of the Government to put their hands on these people may also not be realised, as this may be the straw that may break the camel's back, and I for one, warn the Government in the discharge of my duty here, that this Bill would make these foreign merchants in Mattancheri to shift themselves to Alleppey, because of the reason that their main constituents even now are from Travancore. Owing to the present facilities and the absence of any Income-tax Regulation here, they have been attracted to this Port and the trade here has been progressively developing to the good of all concerned—not only of the merchants, but of all other classes as well. Land-holders, labourers, agricultural population, money-lenders and professional men have been reaping the benefit of this prosperous state of business, and were trade to shift, as it certainly would, with the impost of this tax which is much higher in its incidents, than that prevailing in Travancore, all classes of the population stand to suffer materially. As it is, on merchandise, the charges incurred in Cochin are higher than those incurred at Alleppey in spite of all the facilities provided by the opening of the Inner Harbour, and any additional burden in the shape of Income-tax will make trade to fly southwards. Particularly so, as the Government of Travancore are extending every encouragement to merchants to establish and increase their trade in Travancore Ports. Even Shipping Companies give facilities in Freight to the Travancore Ports and it may not be known to this House, that in spite of the existence of the Inner Harbour, French Passenger lines such as the Maritime Messageries call at Alleppey and not at Cochin. If this House desires to see the glory of the expansion of trade in Mattancheri departs, then by all means, do adopt this measure. But, I am sure that is far from our hearts and we should not easily and hastily become a party to share the responsibility for the decay of commerce in Cochin which certainly would be the result, if this Bill is allowed to be introduced here. Trade will take wings and fly, the moment this measure is given a chance to get through this stage of introduction itself, and the glory of Mattancheri may stand departed, before it becomes law. Just as the Port of Cranganur was ruined in the past and trade shifted to Cochin, so may it drift still southwards to Alleppey, and I for one, cannot see why we non-officials should become a party to this short-sighted fiscal policy of the Government.

In this connection I may also mention one practical example for the information of this House. Not far away from Mattancheri, lies the small portion of British Cochin, which is also

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equally enjoying the benefits of the Harbour. But in spite of that, the trade in Mattancheri is progressing than that of British Cochin. The reason is obvious, because, there is no income-tax in Mattancheri. But if Mattancheri is also now to be burdened with any new taxation, I am afraid that the trade will be shifted to the other side, where we have got new facilities than what we have in Mattancheri. For example the Banks, Port Office and Customs House and all the leading European Firms are situated there.

I am sure, that the Government also know as I do, that the supposed benefit to accrue to merchants here is a very controversial and contentious matter and both the Indian Chamber of Commerce at Mattancheri and the European Chamber of Commerce at British Cochin are very sceptical about it. Under these circumstances, I cannot but strongly oppose this measure. After all, the estimated income from the levy of this tax, frought with so much potential evil, is only two lakhs of rupees and to be correct, it is Rs. 6,000 less than Rs. 2 lakhs according to the figures furnished in the Budget. Very probably, the expenses are under-estimated and I maintain that it is easy for the Government to find the little extra money they require for paying interest on the proposed loan of 75 lakhs of rupees and for a provision for Sinking Fund, without resorting to this unwelcome and objectionable measure.

This measure surely is not one that is going to affect the merchants alone, but in its incidents it will surely fall upon the shoulders of the entire country. It cannot be justified on any mistaken grounds of jealousy at some portion of the people escaping payment of taxes. Nor can it be justified on any ground that the burden of taxation is not distributed fairly and equitably.

Those paying land revenue and who are pressed "heavily if not excessively" are not going to get any relief by the imposition of the Income-Tax. Nor will any others paying any other indirect tax such as licensees for the sale of tobacco, etc., are to get any relief. If that were so and any relief from taxation is to be extended to the agriculturists and others, there might be some justification in equity for the introduction of this Bill. Therefore the only possible justification for the introduction of this Income-Tax Bill must be based on financial necessity alone and I humbly ask, have we such a necessity? I submit that a study of the figures in the budget does not justify the existence of such a necessity. The figures themselves show that there will be a surplus of Rs. 1,80,500. So, the deficit, if any that would result by not introducing this unwelcome measure in

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1108, is only Rs. 19,500. By economising here and there, this small deficit of Rs. 20,000 can easily be met. The decrease in land revenue, forest and tramway income is to my mind, very much under-estimated. Were they to function normally in the coming better times of world trade-revival the income would be much more than what is now estimated and would easily cover this deficit and would leave a surplus. If the Government would not open any new department or undertake no new works for a year, then this deficit will not surely occur and thus the financial position of the State does not therefore warrant the introduction of this Bill. Even assuming that it is not possible or advisable to deplete any of the items of expenditure estimated for 1108 by the Government, this Rs. 20,000 deficit in the coming year can be met very easily by some other measures, for which I undertake to give plans and suggestions to be adopted by the Government, and the country need not go as a whole under this proposed new burden. We have been assured by the Finance Member yesterday, in the concluding para of his speech that "the loan proposed to be raised for meeting the expenditure on Harbour and Railway will not only pay itself back, but would fructify a hundred-fold in the years to come". If that is so, and the Government ought to know it, then I ask, what justification they have to introduce the Income-tax Bill for the purpose of tiding over their difficulties for three or four years to come to find the wherewithals to pay interest and to make a Sinking Fund? Surely, Sir, the people of Cochin would readily co-operate with you, should the necessity arises, to find this small sum of 6 to 8 lakhs of rupees by some other means, than by the imposition of Income-tax. The trade in Cochin would submit itself directly to bear this small burden for a short period of three or four years by allowing themselves to be temporarily placed under this small burden which should be made to cease immediately on the completion of the 4th stage of the Harbour, when according to the Government forecast itself it is expected to begin to pour forth its benefit to enrich the coffers of this State.

I therefore see absolutely no justification to introduce this obnoxious measure which will drive our trade away from Cochin. Even agricultural income once invested, will come under it and there is no justification for the Bill from any point of view. As the necessity is not there at present, I would earnestly request the Government to withdraw the Bill now and if necessary, bring it forward later, after a mature consideration of the criticism and objections to the Bill, and the alternative suggestions I have already touched upon to find ways and means

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for raising the funds required for interest and Sinking Fund for the loan of 75 lakhs temporarily from merchants alone till the completion of the Harbour and Railway works, when the 170 lakhs investment is effected to begin to yield its return. A conference between the merchants to be benefited by the Harbour and Railway, and the Government can be arranged for this purpose and the result ascertained. If satisfactory the Bill can be dropped. If the Government is not prepared to do so, I appeal to this House to withhold its consent to the introduction of the Bill now, and support my motion for adjournment of the consideration of the introduction of the Bill to the next Legislative Session which will give us time to consider deeply and impartially the effect, of this fiscal measure of far-reaching importance on all section of the population, capitalists, agriculturists, labourers, professionals, bankers and consumers at large. As the Hon'ble Member told that this Bill affects only merchants and that this opposition comes only from commercial classes, I bring to the notice of this House that the volume of revenue paid by agriculturists as well as by the landlords depends on commerce, and commerce is the only source which brings money. I hope therefore that this House will not be inclined to kill that milking cow and would protect the commerce of the State. We should co-operate with the Government to find some other source of income by not killing one. Co-operation is required. So I urge the Hon'ble Members of this House to protect commerce by opposing this Bill.

മിസ്റ്റർ ടി. കെ. നായർ.—ഞാൻ ഈ ബില്ലിന്റെ വളരെ ബലമായി പിൻതാങ്ങുന്നു. ഈ ബിൽ ഇവിടെ അവതരിപ്പിച്ച സമയത്തു് ബഹുമാനപ്പെട്ട നിയമ മെമ്പർ ഇതു് അൻദേശസ്ഥ സാമാജികന്മാരുടെ പ്രേരണമൂലവും മറ്റുമാണു് ഇതുപെട്ടെന്നു് അവതരിപ്പിക്കപ്പെട്ടതെന്നു് പറയുകയുണ്ടായി. ആദ്യമായി ഇതിനെസംബന്ധിച്ചു് രണ്ടു വാക്കു പറഞ്ഞേക്കാം.

ഞങ്ങളുടെ അപേക്ഷപ്രകാരമായിരുന്നുവെന്നുവരികിൽ ചുരുങ്ങിയതു് അഞ്ചോ ആറോ കൊല്ലങ്ങൾക്കു മുമ്പുതന്നെ ഈ ബിൽ നടപ്പിൽ വരുമായിരുന്നു. അതൊന്നുമല്ലാതെ ഇപ്പോൾ ആലോചനക്കു വന്നതെന്തുകൊണ്ടാണെന്നു് ഞങ്ങൾക്കു മനസ്സിലായിട്ടില്ലെന്നു വിചാരിയ്ക്കുന്നതിൽ സങ്കടമുണ്ടു്. സംഗതി ഞങ്ങൾക്കു മനസ്സിലായി; അവനവന്റെ കമ്പളത്തിന്മേൽ പറ്റു; ഉള്ള പരമാർത്ഥം ഇതാണു്. (ചിരി), എന്നാൽ പിന്നെ ഈ ബില്ലു് എന്തുകൊണ്ടു കൊണ്ടുവന്നുകൂടാ? അതല്ലാ കാരണമെന്നുവരികിൽ ഫിനാൻസുകമ്മിറ്റിയിലോട്ടിൽ എത്രയോ ശക്തിയായും വ്യക്തമായും ഈ വിഷയത്തെ കുറിച്ചു പറഞ്ഞിരുന്നിട്ടും നാളിതുവരെ ഇ

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തിനെ എന്തുകൊണ്ടു നടപ്പിൽ വരുത്തിയില്ല? പ്രസ്തുത റിപ്പോർട്ടിലും ബഡ്ജറ്റുസംബന്ധമായ ഞങ്ങളുടെ നിരൂപണങ്ങളിലും പ്രതിപാദിക്കപ്പെട്ടിട്ടുള്ളതിന്റെ ആയിരത്തിൽ ഒരു ഭാഗമെങ്കിലും ചെയ്തിരുന്നാൽ മതിയായിരുന്നു; അതുകൊണ്ട് ഞങ്ങൾ സന്തോഷിയ്ക്കുന്നവരുമാണ്. അതൊന്നും ചെയ്യാതിരിക്കുന്ന ഗവർമ്മെണ്ടിനുവേണ്ടി, തങ്ങൾക്കാവശ്യമാണെന്നുവന്നപ്പോൾ, കടലിൽ കിടക്കുന്ന രത്നം തപ്പിയെടുക്കുന്നതുപോലെ കൌൺസിൽ റിപ്പോർട്ടുകളിൽനിന്ന് ചില മെമ്പർമാരും ഇതുസംബന്ധിച്ച് അപ്പോളപ്പോഴായി പറഞ്ഞിട്ടുള്ളവയെ മുഴുവൻ തേടിപ്പിടിച്ച് നിയമമെമ്പർ പൊടിപ്പും തൊങ്ങലുംവെച്ച് ഇവിടെ കൊണ്ടുവന്നതിൽ എനിയ്ക്ക് വളരെ രസവും അത്ഭുതവും തോന്നുന്നുണ്ട്. ഗവർമ്മെൻറിനു" ഈ മാതിരിയും ആകാമെല്ലൊ എന്നോർത്താണ് ഞാൻ രസിക്കുന്നതു്. ഒരു ഗവർമ്മെണ്ടാണെല്ലൊ ഇങ്ങിനെ ചെയ്യുന്നതെന്നോർത്താണ് ഞാനത്ഭുതപ്പെടുന്നതു്. ഇപ്പോൾ ഏതുതരത്തിലായാലും ഈ ബിൽ അവതരിപ്പിച്ചുവല്ലൊ എന്നുള്ളതു് എന്നെ കൃതാർത്ഥനാക്കുന്നുണ്ട്". ഇതു് ഇതിനു എത്രയൊ മുമ്പുതന്നെ നടപ്പാക്കേണ്ടതായിരുന്നു. അപ്പോഴും ഞങ്ങൾ ഇതിനെ വളരെ സന്തോഷത്തോടുകൂടി പിൻതാങ്ങുമായിരുന്നു.

ഇതിനെ എതിർക്കുവാൻ ഒരു ഒറ്റകാരണമെ ഞാൻ കാണുന്നുള്ളു. പണം കൊടുക്കുവയ്യ എന്നുള്ളതാണതു്. ഇതു് ലോകത്തിൽ ജനങ്ങൾക്കു് സർവ്വസാധാരണമായി കാണുന്ന ഒരു വ്യാധിയാണു്. ഇതിനു് മെഡിക്കൽ ഡിപ്പാർട്ടുമെണ്ടിൽ ഒരു ചികിത്സയുമില്ല. പണം എത്ര അധികം കിട്ടിയാലും അതു് കൊടുക്കുകപതിവില്ല. ഇതു് ലോക സമ്പ്രദായമാണു്.

ഇതിനെ കുറിച്ച് ഗവർമ്മെണ്ടിനൊട് ഒരു കാര്യം പറയുവാനുണ്ടു്, എന്നും എങ്ങും പണത്തിനാണ" ശങ്ക. ഈ ബിൽ നിയമമായാൽ പണക്കാരെയാണിതു് ബാധിക്കുക. അതുകൂടാതെ കഴിക്കാൻ പട്ടണങ്ങളിലുള്ള— മുനിസിപ്പാലിറ്റികളിലുള്ള— ബാങ്കുകാരും കച്ചവടക്കാരും സാമ്പത്തികശങ്കകൊണ്ടു മാത്രമല്ല; സ്വാധീനത്തിലുള്ള സർവ്വശങ്കകൾകൊണ്ടും ഗവർമ്മെണ്ടിനെ ഇതിൽനിന്നു് പിൻവലിപ്പിച്ചേയ്ക്കുമെന്നുള്ള ഭയം എനിയ്ക്കുണ്ടെന്നുള്ളതാണു്. അതു് സാധുക്കളായ നാട്ടുമ്പുറത്തുകാർക്കു് നാവു് പൊങ്ങുകയില്ല. അവരൊക്കെപ്പോയി കീഴ്പോട്ടു്. അവരുടെ സ്വത്തു മുഴുവനും നശിച്ചു. ഇപ്പോൾ ശങ്ക കാണുന്നതു മുഴുവൻ പട്ടണങ്ങളിലാണു്. കാഡ്ലവർ ആയിൽ കഴിച്ചുണ്ടാക്കേണ്ടതല്ലെല്ലൊ സാമ്പത്തികശങ്ക! അതില്ലാത്തവർക്കുണ്ടൊ നാവുപൊന്തുന്നു? അവരുടെ നിലവിളിയുണ്ടൊ ആരാനും കേൾക്കുന്നു? പട്ടണങ്ങളിലാണു് അധികം ആദായം കിട്ടുന്നവരും ബാങ്കുകളും ഉള്ളതു്. അവർ എന്തൊക്കെ തടസ്സങ്ങളാണു കൊണ്ടുവരുവാൻ

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പോകുന്നതെന്നറിഞ്ഞുകൂടാ. എന്നാൽ ഈ സാധുക്കളായ കൃഷി ക്കാർക്ക് അതിനു് ഒരു എതിരു കൊണ്ടുവരുവാൻ ശക്തിയുമില്ല. അതിനാൽ എത്രതന്നെയായാലും ഈ ഉദ്യമത്തിൽനിന്നും ഗവ മ്മെണ്ടു് പിന്തിരിയരുതെന്നാണെനിക്കു പറയാനുള്ളതു്. ഇതു് ഞാൻ പറഞ്ഞില്ലെങ്കിലും ഗവമ്മെണ്ടു് പിന്മാറില്ലെന്നെനക്കറിയാം. അതെ, രമ്പളക്കുറവു് ഉദ്യോഗസ്ഥന്മാരെ പിടികൂടിക്കഴിഞ്ഞിട്ടുണ്ടെല്ലോ!

പിന്നെ ഇതു ദൃതഗതിയിൽ ഇതു് ഒരു നിയമമാക്കേണ്ട ആവശ്യമില്ല, കുറച്ചു കാലതാമസത്തോടുകൂടി സാവധാനത്തിൽ മതി, എന്നൊക്കെ ഇവിടെ ചിലർ പറയുകയുണ്ടായി. ഒന്നോ രണ്ടോ പത്തോ കൊല്ലം കഴിഞ്ഞാലും ഇതുതന്നെയാണവർ പറയുക. ഫ്ലാറ്റ്-ൽ ആയാലും ഫ്ലാറ്റ്-ൽ ആയാലും വരവിൽ നിന്നുതന്നെയാണു് ആദായനികുതി കൊടുക്കേണ്ടതു്. ആയിരമേ ഉള്ളുവെങ്കിൽ ആ ആയിരത്തിനുള്ള നികുതി കൊടുത്താൽ മതിയല്ലൊ. ലക്ഷത്തിന്റെ വേണ്ടല്ലൊ. ഇപ്പോഴുതന്നെ ഈ നിയമം നടപ്പിലാക്കരുതെന്നു പറയുന്നതിനൊരർത്ഥവുമില്ല. ഭൂനികുതി കുറവുചെയ്യണമെന്നുള്ള തുഞ്ചിവപേരൂർ മെമ്പരുടെ അഭിപ്രായത്തോടു ഞാനും യോജിക്കാം. പക്ഷെ, അതു ചെയ്യാൽ മാത്രമെ ആദായനികുതിക്കായ്ത്തിനുമതി നല്ലൂവു എന്നെനിക്കഭിപ്രായമില്ല. ഈ നികുതി ചുമത്തുമ്പോൾ ഭൂനികുതി കുറയ്ക്കണമൊ എന്നുള്ള സംഗതി ഇനി ഒരു അവസരത്തിൽ ആലോചിയ്ക്കാം. ഇപ്പോൾ എല്ലാവരും ഒരുപോലെ ആകട്ടെ.

ബഹുമാനപ്പെട്ട മട്ടാഞ്ചേരി മെമ്പരുടെ നേരെ എനിക്കു അനുകമ്പയാണു തോന്നുന്നതു്. പണം കൊടുക്കുന്ന കായ്ത്തിൽ സങ്കടം പ്രദർശിപ്പിയ്ക്കുന്നവരോടു് അനുകമ്പ തോന്നാതിരിക്കത്തക്കവണ്ണം അത്ര ഹൃദയമില്ലാത്തവനല്ലാ ഞാൻ. പക്ഷെ നിവൃത്തിയെന്ത്? അനുകമ്പയുണ്ടെങ്കിലും നിവൃത്തിയില്ലാത്തതിനാൽ മാപ്പപേക്ഷിയ്ക്കുന്നുവെന്നേ പറയുന്നുള്ളൂ. ഇതുവരെ അനുഭവിച്ചിടത്തോളം മതി. തങ്ങൾ എന്നോ തുടങ്ങി, ഇന്നുവരെ കൃഷിക്കാരെ പറഞ്ഞുവല്ലൊ എന്നു സമാധാനിച്ചാൽ മതി. കൊച്ചിയിലെ കച്ചവടക്കാർ ആലപ്പുഴയ്ക്കു പുറപ്പെട്ടുപോകുമെന്നു പറയുന്നതു് വാസ്തവത്തിൽ മട്ടാഞ്ചേരിയിൽ സ്ഥലമില്ലാഞ്ഞിട്ടാണു്. കൊച്ചിയിൽ ഇപ്പോൾ കൊടുക്കുന്ന ആദായമുള്ളപ്പോൾ നികുതി പത്തിരട്ടി കൊടുക്കേണ്ടിവന്നാലും അവർ അവിടെനിന്നു പോകുന്നതല്ല. ഇതും വെറും പിരട്ടുമാത്രമാണു്. ഇതുകൊണ്ടൊന്നും യാതൊരു ഫലവുമില്ല ഗവമ്മെണ്ടു് ഇതൊന്നും കായ്മായി എടുക്കരുതു്. ഉടനെയും വേഗത്തിൽ ഈ നിയമം നടപ്പിലാക്കേണ്ടതാണു്. എന്നാൽ അതു് ഈ ബഡ്ജറ്റു സെഷനിൽ തന്നെ നിവൃത്തിയില്ല

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ല്ലൊ! എന്റെ അഭിപ്രായം ഒരു രാജകീയ വിളംബരം പ്രസിദ്ധപ്പെടുത്തണം എന്നാണ്. എത്രയെത്ര കാര്യങ്ങൾ കൌൺസിലിന്റെ അനുമതിയോ അറിവോ കൂടാതെ നടപ്പിൽ വന്നിട്ടില്ല. കൌൺസിലിന്റെ അനുമതിക്കുവേണ്ടി കാത്തിരിക്കാൻ തരമില്ലാത്തവണ്ണം അവ അത്ര അടിയന്തിരമേറിയവയായിരുന്നെങ്കിൽ ഇതിനടിസ്ഥാനമില്ലെന്നൊ? അതിനെ ഞാൻ ചിന്തിക്കുവാനും സന്നദ്ധനാണ്. ഈ നിയമം ഉണ്ടെന്നാണ് ഞാൻ പറയുക. അതാണ് ഞാൻ വിളംബരമായിപ്രഖ്യാപിക്കുന്നത്. കഴിയുന്നതും വേഗത്തിൽ നടപ്പിൽ വരുത്തുകതന്നെ വേണം. ഞങ്ങൾ ഈ നിയമം പല ആവശ്യങ്ങളും പറയും. ആ അവസരത്തിലൊന്നും പണമില്ലെന്നു പറയരുത്. അതിനെല്ലാം പണമുണ്ടാക്കണം. ഞങ്ങളുടെ കാര്യങ്ങൾ നോക്കേണ്ടതാണ് നിങ്ങളുടെ ചുമതല. അതിനാണ് നിങ്ങൾ ഇരിയ്ക്കുന്നത്. അതുകൊണ്ടു ഞാൻ ഇതിനെ ചിന്തിക്കുന്നു.

Mr. K. G. Nayar.—Sir, I never expected to have any say on this Bill this morning. But, inasmuch as the Deputy President has presented a petition to this House signed by some of the citizens of the Chittur Taluk and since, on a perusal of the same I find that some 54 or 55, including a few from my own constituency, Nemmara-Tattamangalam, have signed it, I deem it my duty to speak to-day. The pros and cons of this Bill have been very often discussed and now we find from the official and non-official benches that there are only, practically a very few, who oppose the introduction of this Bill in the Cochin State. And when it was brought to the notice of this House that some representatives of one Taluk have entered their protest against the introduction of this taxation measure, I was naturally inquisitive to see who were responsible for that opposition. I may assure this House, Sir, that there has not been any monster meeting or any meeting held in the Chittur Taluk to have the opinions of the people called for and to enter a formal protest against the introduction of the Income-tax Bill. Nothing has been done by the oppositionists to educate the electorate regarding the merits and demerits of the Bill. But on a perusal of the petition I see many names and they are really names to count. I am sure I am taking a very serious risk, when some of the Chittur Taluk citizens have sent in protests against this Bill, when one member of that Taluk should have been bold enough to go against the view of some members of his constituency. I feel the call of duty compels me to enter my emphatic protest against the protests of the people seen in the petition (*Hear, hear*) that has been presented by the Deputy President now. If that was their attitude towards the Bill, they could have done it in an organised fashion by asking the Deputy President and my Hon'ble friend, Mr. Eachara Menon, the Member for

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Chittur Rural and myself representing Nemmara, who are all supporting this Bill now to educate the electorates of our localities as to the necessity for the introduction of this Bill and the evils of it, in which case I am sure such a protest would not have seen the light of day.

Moreover, I see the Hon'ble Member for Nellayi taking a very important issue that this question should be fought out in the next Council and that alone will decide whether the Cochin State is in favour of the Bill or not. There is much truth in what he has said. A perusal of this petition and the way in which elections are fought out in our country and the challenge now thrown out will clearly show that he who has a long purse to command and only money-lending persons and the so-called rich will gain the day. (*Hear, hear.*) If the introduction of the Income-tax Bill is welcomed by a majority of the people and only the money-lending community and the so-called rich commercial people oppose it and on that ticket, if elections are to be fought out and people are to squander money in purchasing votes, etc., my Hon'ble friend's challenge may certainly turn true. But that is not the real issue involved in this matter. You will see that from the introduction of the Bill itself and its objects and reasons. If anybody happens to compare the provisions of the Bill with the Act in British India and other adjacent neighbouring States it will be found that much attention has been given by our Government and much caution too has been taken. (*Hear, hear.*) I may say here as one having experience in British Malabar that the rates given here compare very favourably with the rates that are now prevailing in British India. (*Hear, hear.*) So much so the Government may be considered to have taken all pains in considering the necessity for the introduction of this measure and the benefits and advantages arising thereby. A perusal of the petition and the number of signatories would go to show that the truth underlying the whole protest is that bankers and those interested in them have been responsible for pumping up this petition to this House.

I need not say anything more on that. I will only say that this protest is not from the Chittur Taluk as a whole and that the Taluk as a whole should not be taken to have protested, more especially since we see that all the other Taluks welcome such a measure and all the three representatives in this House from Chittur support the same.

Dr. A. G. Menon.—Sir, may I offer a personal explanation about it? This petition was handed over to me only at about 11-20 a. m. to-day. They wanted me to present it to the Council. It does not contain my views or my opinion of the Bill. As a

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representative of the Taluk I presented the petition before the Hon'ble Members.

Mr. K. G. Nayar.—I don't blame the Hon'ble Member for Chittur-Tattamangalam.

Mr. A. I. Mani.—Mr. President, Sir, I rise to oppose the Bill. The Bill is unwarranted by the times. We are not confronted by the alarming figures of a deficit budget. There is sufficient money at present to defray the expenses necessary to carry on the works of an ordinary administration without impairing efficiency and there is no paucity of funds, if a judicious allotment is made for all nation-building departments and progressive schemes. So the exigency of the times is no plea for the introduction of any tax.

Secondly, this is not the time for any new taxation. Both sides of this House admit that we are passing through an acute period of great economic depression and that consequently business is dull, stagnated and at a stand-still. The clamour is everywhere for relief and remissions. At such a crucial period as this, specially for merchants, which class of His Highness' subjects will be hit hard by this Bill, when the collapses of commercial enterprises and industrial concerns are of daily occurrence, when liquidations and insolvencies are steadily on the increase, the cry of the afflicted people is retorted by the Government by the introduction of income-tax? This is adding insult to injury and is like doling out stone instead of bread. This is not a policy becoming an enlightened and benevolent Government like ours.

Besides, the Bill had no sufficient publicity. People had not enough time to study the Bill, form their conclusions and offer their valuable suggestions regarding modifications and amendments. So it would be unfair and unwise to hasten the Bill without giving sufficient time for consideration.

If in spite of bad times the Government does not contemplate to defer its introduction to a period of contentment and prosperity, but permits to effect a transplantation of it into Cochin as an ornament, because some Native States and British India have it, it will be no doubt an exotic plant and a slavish imitation to boot. Even if certain modifications in the present form of the Bill reducing the rates of taxation and raising the minimum of the taxable income be made in the Bill, the Bill will be considered only as a necessary evil and not as a panacea for the financial crisis. Therefore, being a merchant by profession and feeling the pulse of my comrades in trade, I oppose the Bill with all the emphasis that I can command.

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Mr. George Chakyamuri.—I rise to support this Bill and I do it with great pleasure. I can perfectly understand the Member for Chalakkudi and the Member for Mattancheri, representing the merchants of Chalakkudi and Mattancheri opposing the Bill. I dare say the opinion of the Member for Mattancheri deserves very great consideration at the hands of the House as he represents the merchant princes of Cochin. It has always been my good fortune to agree with my friend, the Member for Mattancheri, on many matters, coming, as we do, from neighbouring constituencies. But I very much regret that I could not find eye to eye with him in this matter. The one main argument advanced seems to be the threat of leaving Mattancheri to Alleppey, if the tax is imposed. My contention is that, if this enactment would enable us to see the fruition of that threat, that will be one of the strongest arguments for the introduction of the Bill. For long Cochin has been suffering from the yoke of foreign merchants and foreign business-men and these have retarded the progress of indigenous enterprise. If by this measure we can drive them out, I will lend my whole-hearted support to this measure. (*Hear, hear and laughter*).

As observed by the Member for Cheruviruthi, they did not come here for the mere love of God or to enjoy the salubrious climate of Cochin. They come here to make money. I do not think that this threat is seriously meant. Even if an attempt is made to carry out the threat, I am sure they will come back the next day. Cochin is a good place for business and it is for that they have come and not on account of their love for the subjects of the State.

The other argument is that by imposing this measure the Government is trying to kill the milking cow or the goose that lays the golden egg. But I submit the Government is only trying to milk the cow and not to kill it. Government has only made a mistake in not having begun the milking process earlier. In fact my friend may rest assured that all possible safe-guards will be taken to ensure the safety of the cow.

The one other argument and I believe the main argument of those who opposed the Bill is that this is not the opportune time. No time will be opportune when it is a question of paying money. Suppose the Bill was introduced when the representatives of the people in this Council asked for it six years ago. Would the Bill have been suspended on account of insolvencies and liquidations referred to by the Member for Chalakkudi? The Special Finance Committee wanted the introduction of the Bill in 1100. It is now seven years. If the Government respected the representations of that Committee, would

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not the Government be collecting the money now? So it is no argument to say that this is not the opportune time. Times will be bad and times will be good, but the Government purports to collect the tax only on the actual income. I can assure the Hon'ble Member for Chalakkudi, that no money will be collected from the insolvents or from the companies that go into liquidation. So no fear need be entertained on that account. With these observations—I would only find fault with the Government for delaying this measure, as it is a most equitable form of taxation. I quite agree with the Hon'ble Member for Pazhayannur that we should try to place this enactment on the Statute Book as early as possible, without bringing in impediments. This is an opportunity given to us to show that we are prepared to co-operate with the Government in times of stress. This is a time when the Government is hard pressed for money and this is just the time to show our whole-hearted sympathy and co-operation. With these observations, I strongly support the measure.

Mr. C. Barton Wright.—Mr. President, Sir, I have been requested by certain members of the Planting Constituency to oppose the introduction of the Income-tax Bill. Personally I am strongly in favour of it and I feel sure I am voicing the majority of my constituency in supporting it.

Mr. K. Mohamed Seethi.—Sir, I whole-heartedly support the introduction of this Bill. The arguments advanced by the Hon'ble Members who opposed the motion—their number is very few—have all been very effectively answered. The point of the Member for Chalakkudi—and it has been the chorus of all the Members who opposed this Bill—is that this Bill has not come in for public criticism inasmuch as the public have had no time to study and consider its provisions and make their comments on them. I beg to state in answer that the question of introducing income-tax in the State has been before the country for the past six years. The Special Finance Committee recommended the levying of income-tax. The Hon'ble Members of the Legislative Council have been repeatedly asking for it. Was there one voice of protest against all that? Was there any meeting held anywhere to protest against the idea of introducing Income-tax? Absolutely nothing of the kind happened except that when the Bill was actually framed by the Government there was a meeting here and another there to lodge a feeble protest. It is said that the Bill is inopportune. As the Hon'ble Member for Pallivirutti said, there will be protests against this Bill whatever be the time of its introduction.

The Member for Mattancheri said that this would be an unwelcome measure. Any Bill for taxation will be an unwel

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come measure to all those whom it affects. This Bill is absolutely necessary and desirable. It will be only doing equity to all classes of the people. The "milking cow" should be milked if it is fed and nourished by the State and should not be a white elephant.

I am simply scandalised by this plea of economic depression coming from the mouths of bankers and money lenders. They were the foremost in their protest against the idea of relief for economic depression. When the Kuri Committee was sitting to consider methods of relieving those who were affected by economic depression these people were the foremost and the loudest in their protests against the granting of any relief in the matter of kuries. And now when their own pockets are going to be affected that they should protest against this measure on the ground that there is economic depression is nothing short of hypocrisy. That is all that I have to say and I very strongly support the Government on their present motion to introduce the Bill.

Mr. Joseph Pettah.—Sir, I rise to support this Bill, and I do so because I feel it is my bounden duty, as one of the representatives of the people of Cochin and especially of the rural folk, to support a measure calculated to improve their economic condition. At the very outset I may say that this measure has been long overdue in Cochin. For many years now, the whole of the burden of taxation has been on the shoulders of the landed classes. Perhaps, it was natural in ancient days when land was the only form of wealth and the only source of revenue. But latterly we have had many new sources of revenue and it is only natural, only fair and reasonable, that these sources also should be tapped towards the maintenance of the State. And in all progressive countries we see the adoption of the income-tax, dating from very early days. As the Hon'ble Member for Trichur has admitted, even in the 18th century income-tax was adopted, in England, though as a temporary measure in the beginning. In British India it is a very old institution and even in the sister State of Travancore there is the income-tax. But in Cochin all these years we have seen the poor agriculturists groaning under the burden of taxation and they were not an organised body to enter an emphatic protest against the iniquity. And then came the economic depression which broke the backs of these unfortunate people. (*Hear, hear.*)

Even in this Council, as observed by the Law Member, many Hon'ble Members had on several occasions spoken in favour of the introduction of income-tax; and I should applaud the Government for having found courage and wisdom, at least now, to place this measure before this Assembly.

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Of course, I am not unaware that there are people who are opposed to the introduction of this measure. But this Council, representing, as it does, the entire body politic of Cochin, has the duty of scrutinising the position taken up by these people, and of seeing whether any of their arguments would hold good. Many of these arguments have been discussed here. It is not necessary for me to go over them once again.

In the first place they said that there was no necessity for this tax inasmuch as there is no financial stringency for the Government. I admit that if it were a question of carrying on the administration as it was done in previous years, if it were a question of continuing the practice of meeting every proposal of public utility by the invariable slogan of "no funds", then I suppose there is no necessity for further taxation. But we are having a progressive Government with progressive needs. Nobody would deny that both in the field of agriculture, industry, and commerce, and in the sphere of education, medical aid, sanitation and various other matters, much has to be done towards the benefit of the people. Even here in Council we have been from time to time making suggestions or proposals of many urgent works that have to be undertaken by the Government. The invariable answer is "no funds". This, Sir, is a disgraceful state of things. It is the duty of the Government to find funds for salutary purposes and if the funds can be found on an equitable basis, the Government should never shirk the responsibility of doing it. This argument of no necessity is therefore no argument at all.

There is another argument that the time is not opportune for the introduction of a new tax. The economic depression has been dragged in on more occasions than one; but perhaps this is the most iniquitous occasion that the argument of economic depression is trotted out. They forget that the depression has fallen most heavily on the agricultural classes. It is to them that some relief should be given. How could any relief be given to them unless funds for the additional requirements of the Government should come from sources not yet taxed. If in spite of the economic depression, agriculturists should still be made to pay taxes, if no remission is given to them, why not the industrial and commercial magnates who have been rolling in wealth and comfort and yet not contributing a pie for the maintenance of the Government, be asked to pay something towards the State expenses?

Another argument that has been brought forward is that this measure would not be a relief to the agriculturists. It is a fallacy. Perhaps the Hon'ble Members who advance this argu-

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ment think that relief can be given only by granting remissions of tax. The position of the agriculturists could be improved in many other ways than by making mere money grants. By spending money in various measures calculated to increase agricultural facilities in the country, the economic condition of the rural folk would be substantially bettered. That is also the duty of the Government. This year in the budget many urgent and useful works had to be sacrificed for want of funds. If the Government had funds, the Government would have been quite ready to undertake such measures which are necessary for the well-being of the agricultural section of the people.

Then again another argument was that the incidence of this tax might ultimately fall upon the agriculturists. If it be so, why should the commercial classes be so loud in this protest against this measure? In this case I must say that the agriculturists will have only one prayer and that is to save them from their friends.

Yet another argument was that the tax would mean a great hardship to the industrial classes and a handicap to commerce. The Hon'ble Member for Mattancheri bevailed that the whole commercial glory of Mattancheri would depart. I may reply that if the glory of Mattancheri will depart the Glory of Cochin will begin to shine with greater and greater splendour as a result of this measure. This argument, too, has, therefore, not much substance in it.

Some people protest against this taxation, simply because they are under a delusion. They are inclined to thiak that all taxation would be killing the economic enterprise and initiative of the people. That is not a fact. If all taxes were to be collected iniquitably and spent wastefully, I admit there would be some truth in the argument. But there are many ways of Government's spending money on productive concerns, especially when money is spent on Railways and the Harbour and Irrigation concerns. We are sure that such money would be more productive when spent by the Government than when spent by individuals. Such spending would be an encouragement to the industries of the State. The industrial classes will, I hope, have the foresight to see that by paying this additional tax they would be enabling the Government to spend more money on the encouragement of industries. It is thus evident that in the long run it will be to the advantage of the industrial classes themselves that there is this additional tax.

Again there was a threat—and I think it was disposed of—of people deserting Mattancheri and flocking to Travancore and Bombay. I say it is a bluff. If at all they go from Mattan-

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cheri there would be others to take their place. Mattancheri may then be a more thriving place than it is at present.

Now another argument, a technical argument, was raised by my Hon'ble friend, the Member for Nellayi, that sufficient notice has not been given to the public of this Income-tax Bill and that the members of this House have not had any mandate from the public to pass this Bill. About the sufficiency of notice that argument has been met already. The idea has been before the public for a very long time. If there are any more criticisms, there is the Select Committee stage when it will be possible to raise and receive criticisms, and such criticisms could be considered in re-drafting the Bill, so that when it finally comes before the House there could be no objection to it on the score of want of notice.

Again about the mandate. For the last seven years the Council has been in existence, this argument was not pleaded. It was only once that this mandate was pleaded and that again was on a similar occasion when a small minority of members were opposed to a very large majority in this House. I am not at all afraid of going in for a mandate on this question. I am sure that the Bill would be supported by a vast majority of the people all over the country. I have come across many people of the country parts, especially in my constituency, and I have not found any who is opposed to this Bill on any ground whatsoever.

The House rose for lunch at 2 p. m. and met again at 3 p. m. with the President in the Chair.

President.—Mr. Pettah will continue.

Mr. Joseph Pettah—Sir, in brief, I make bold to say that the Hon'ble Members, who opposed the Bill, have not succeeded in advancing one single argument that would stand in its way. They have been raising imaginary fears and indulging in puerile threats. I might assure them that the heavens are not going to fall on account of the Income-tax Bill in Cochin, and I may also assure them that if they take a calm and dispassionate view of the affair, they will themselves realise that they stand to benefit as much as any other class by the introduction of this Income-tax Bill. Let me assure them that ali their commercial prosperity depends upon the purchasing power of the agriculturists. My Hon'ble friend for Mattancheri was kind enough to say that commerce is the source of the prosperity of all other classes. He forgot the very essential fact that agriculture is at the root of all commercial prosperity. He will find that without agriculture there is no commerce at all. Again, he

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has been very ingenious in comparing the merchant classes to a milch-cow of the Government. It is a very wayward milch-cow who would not allow itself to be milked at all,—and a very fat cow, to boot. On the contrary, the agriculturists have been the milch-cow, for many years, of the trading class and they have been milked hard and dry. Would it be in the interests, I ask, of the trading class, to milk the cow not only dry, but to milk it to death? I am afraid it would be a very evil day when that milch-cow is going to be killed and it would sound disaster to the commercial prosperity of the trading classes.

Therefore, for these reasons, I would emphatically support this Bill; and I am glad to find that most of the Hon'ble Members of this House have not belied the trust placed in them by the rural folk of Cochin State, but have stood very faithfully by them in this particular instance. I am sure even those who have opposed the Bill, on re-consideration would rally round the Bill and give it a unanimous support.

Dr. A. G. Menon.—Sir, under Standing Order 25, I beg to request that the discussion may be closed now.

Mr. K. Mohamed Seethi.—I second it.

Motion put and carried.

Mr. K. P. Kannan Nayar.—After hearing all the discussions so far as this question is concerned, I will not be justified in wasting any further time of this House. I would therefore request that the question may now be put.

Question put: That the Cochin Income-tax Bill be read in Council.

Motion carried.

Secretary to the Council.—The title of the Bill is "The Cochin Income-tax Bill".

Mr. K. P. Kannan Nayar.—Sir, I rise to move that the Cochin Income-tax Bill be referred to a Select Committee composed of the following Members:—

(1) The Diwan Peishkar.
(2) The Comptroller of Accounts.
(3) Mr. Popatlal Goverdhan Lalan.
(4) ,, A. Sankara Menon.
(5) ,, C. Barton Wright.
(6) ,, E. Ikkanda Warriar.
(7) ,, C. A. Ouseph, and
(8) the Government Advocate and Law Officer.

Mr. C. J. Mathew.—I second it.

Motion put and carried.

President.—I nominate the Diwan Peishkar as the Chairman. The Select Committee will report within two months.

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